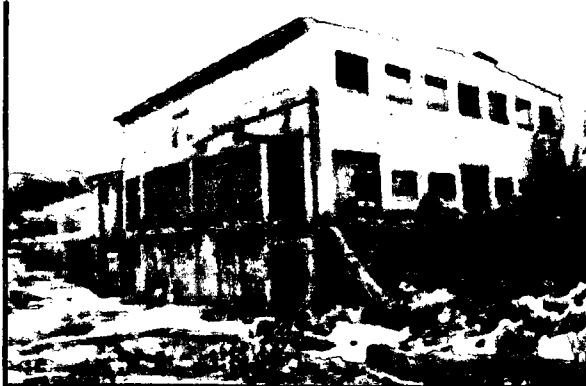


# Developer asks for town's help in Keddy Mill project

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The developers that own Keddy Mill in South Windham this week briefed town councilors on a new plan for the site  
(File photo)

Posted: Friday, January 22, 2010 2:10 pm | Updated: 2:14 pm, Fri Jan 22, 2010.

By John Balentine [jbaltimore@keepmecurrent.com](mailto:jbaltimore@keepmecurrent.com) |

If the town is willing to partner with the developer of the Keddy Mill site in South Windham, new homes and retail businesses could be on their way to replace the acknowledged eyesore.

Steve Etzel – asset manager for Hudson Realty Capital, a New York firm with \$2 billion in assets that owns the Keddy Mill property in South Windham – briefed the Windham Town Council Tuesday night on new designs the firm has created for the 8.5-acre parcel surrounding and including the former steel mill.

But before Hudson Realty could continue with development of the site, Etzel told councilors his company would require financial help from the town. While specific costs haven't been tallied, the town would be responsible for the Keddy Mill structure with the remaining area being developed by Hudson Realty.

Etzel's visit to the council was a follow-up to a similar meeting in spring 2009. At that time, he told councilors that Hudson's original plan, which had been in the works for years and included demolishing the mill and building condominiums, was no longer possible. He asked the council for a "complete restart" on the project so that community leaders, residents and others interested in the revitalization of South Windham could help decide in what direction to take the mill site development.



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By unloading the polluted Keddy Mill on the town, Etzel said Hudson could then afford to develop the rest of the site into a combination of residential homes and retail stores, restoring South Windham's vibrancy of yesteryear. It is unclear how many homes would be built, but in previous iterations of the plan, Hudson had received the go-ahead from the state and town to build 82 single-family homes on the site.

All along, the big hindering block has been the Keddy Mill itself and the ground below it. All told, including riverbank restoration, environmental clean-up of asbestos, petroleum and PCB pollution, and demolition costs, Etzel said his company would have to pay "\$3 million in additional site costs," even before the first house was built. This huge initial investment, he said, has made moving ahead with the project cost-prohibitive especially with the sluggish economy and the decrease in home values.

"Long story short, what was an unfeasible project became less and less feasible," Etzel said.

To make the project profitable and therefore worth Hudson Realty's effort, the town would have to chip in.

"All of these plans look at a public-private partnership to develop this site," because, Etzel explained, the town has better access to government grants such as Brownfield funds, community development block grants, as well as tax-increment financing districts, which would reduce overall development costs.

"What we're looking for is some sort of affirmative consensus from the town, that the town would be willing to take ownership, or take title to the mill, a 2-acre site, and work in a co-development situation (with Hudson) to complete this whole concept," Etzel said.

Council Chairman Bill Tracy asked Edsel to explain why the town would need to be involved. "Why would the town need to own the land in order to facilitate the project?" Tracy asked.

"You can't receive CDBG grants, you can't receive the Brownfield funds unless you have title to the property," Etzel replied.

While Etzel was looking for cooperation from the town, several councilors also indicated they would want assurances from Hudson that it won't back out from the project as it has in the past.

Councilor Donna Chapman praised the plan, especially a proposed public park adjacent to the Mountain Division Rail with Trail that runs through the property, but remained cautious having seen previous taxpayer money spent on Hudson's previous failed attempts to develop the site.

"We spent a lot of money to update the sewer for your prior development, and everyone was excited about that and you were going to clean it up, clean it up, clean it up. Nothing happened," Chapman said. "I would hate for us to go into agreement, get halfway into a project and you walk away again. And there's no assurance that you won't do that again. And I would want that assurance."

Councilor Matthew Noel then asked if Hudson would be part of the development of the mill itself, to which Etzel replied: "It would be up to the town what and how you want to develop that mill structure. There are a number of different opportunities."

Noel then said the town is "facing other budgetary challenges" and that the council would "need to understand those" before moving forward with a partnership to develop the Keddy Mill.

Tracy then requested Etzel to come back to the council with more specifics concerning costs of development.